

GCRI INTERVIEW

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What are the main differences between the entrepreneurial cultures in Germany and the U.S., or California in particular?

I have observed quite a few facets of entrepreneurial culture within both countries. These include differences in the regions, the generations of entrepreneurs, as well as the industry sectors. This makes it extremely challenging to give a general answer. However, looking at California as an example, and a few of the core values the state was founded on, we'll understand where some of the differences in entrepreneurial culture originated from (and why the entrepreneurial culture on the U.S. East Coast is different as well).

People came to California hoping to find gold. They started a journey into the unknown, knowing that either they find gold nuggets and strike it rich or they remain poor. In contrast to Germany, in California it has always been about all or nothing. This willingness to take high risks is still ingrained into the people, universities, and businesses that reside here today. Nowadays, it translates into the ability to build market-leading businesses within a few years that are based on disruptive innovations. In Germany, we also know how to build market leaders. The higher risk aversion, however, results in a more incremental innovation approach. Thus, it often takes German companies decades or even generations to get there. Hand in hand with the willingness to take high risks goes the acceptance of failure. Americans look at failure as a valuable learning experience that increases the likelihood of success in the future. They are very open to supporting entrepreneurs who have failed, and as a result, are now very experienced. In Germany, it is still much more of an obstacle and more difficult to get support, if you have failed in the past. But I do think that the acceptance of failure is improving, particularly in the start-up community.

A big cultural advantage Germany enjoys is that employees tend to be more loyal to their company. As a German founder you can count on your team to be there with you and to support you in building the venture. In the U.S. the likelihood that your team jumps board just to join the next start-up that enjoys a little bit more of a buzz is very common and counterproductive.

What are the key ingredients for a successful start-up?

I just read an article which formulated the successful start-up recipe something along these lines: take one cup of start-up team (well blended), heap a portion of market fit, add one prototype (raw) or minimum viable product, add two scoops of metrics and a dash of pivot. Voila! Well, this sounds pretty easy, doesn't it?

All kidding aside, I believe that the right team and market opportunity are the two key ingredients a successful start-up must have.

The right team is important, because it will go out with the initial idea, learn from customers, adapt or pivot if required, and end up building something successful, even though it may look very different from what they had in mind in the first place. However, in order to become a scalable start-up, the market opportunity has to be big enough. Without addressing a multi-billion dollar market, it can still be a successful and profitable business, but on another level. And probably not what most institutional investors would care about. In addition to the team and the market, I would like to add that extraordinary hard work, the right timing, and often a bit of luck are important to become successful as a start-up.

How does the German Silicon Valley Accelerator (GSVA) enhance German-American business relationships? Could you please share some examples with us?

First and foremost, GSVA brings German start-up founders to Silicon Valley for a period of three to six months. In the course of the program, trusting relationships with primarily American mentors are built that often run much deeper than what I would define as a typical business relationship. In fact, they often turn into real friendships that outlast the program duration. From these mentors, the German founders learn firsthand how business is done in the U.S., which also includes some of the unwritten rules and codes of conduct. Further, we coach our founders to pitch the "Silicon Valley way" and expose them to the broader community of their U.S. peers and potential investors, customers, and partners.

But what is true in one direction also works the other way around. Our companies also hire local staff to help them enter the U.S. market. As a result and by collaborating with their team overseas, American marketers and sales staff get entrenched in the German way of doing business.

In your opinion, to what extent do universities and the industry impact entrepreneurship?

Universities as well as corporations play a major role in the entrepreneurial ecosystem. Many universities provide great examples of applied research as well as entrepreneurship education. They help to get new business ideas off the ground easily and provide access to a network of corporate decision makers that allows them to grow rapidly. With new technology-based education platforms available on the market today, top universities are increasing their impact on entrepreneurship even more, by making their lectures and expertise available to every individual around the globe. Finally, universities play an important role in introducing students to an entrepreneurial career as an alternative to the classical corporate or academic careers.

For start-up success, close collaboration with the industry is very important and depending on the sector, getting a first blue-chip customer quickly sometimes makes the difference between thriving and closing shop.

On the other hand, more and more large corporations have recognized that more disruptive innovation is happening outside their own labs. They understand the importance of having an open interface towards the start-up community to strengthen their competitiveness and secure their future success. As a result, some corporations have set up their own incubators and accelerators; others partner with existing programs, like the German Silicon Valley Accelerator, to identify and connect with the teams behind young start-ups early on in the process.

When and how did you get involved with business development?

It was never a conscious decision to become a business developer. Rather, it was a necessity back in the day when I founded my first business after high school. Today, with the experience of launching countless projects that resulted in the one or other company, I believe that no matter whether one has a business, engineering or research background, if one is serious about launching a new project, product or business, one will always have to market, sell, and develop business relationships. As a founder, you constantly need to convince others that what you are up to is worth their time or money. This includes potential co-founders, employees, partners, customers, and investors. So from my perspective, almost everyone is a business developer in the broader sense, but certainly every start-up founder needs to be the chief business developer, just as s/he needs to be the chief fund raiser and chief recruiter as well.